



KRISTIAN SIEM
Chairman

DELIVERING FOR OUR STAKEHOLDERS

“Drawing on our Values, we have navigated the challenges society faced in 2020 while retaining our leadership in providing optimised solutions for the offshore energy industry.”

Subsea 7's robust financial performance in a very challenging year is testament to the dedication and flexibility of our people, as well as the collaborative and effective relationships we have with our clients. Together we continue to navigate the extra demands placed upon us all by the Covid-19 pandemic as we deliver world-class projects in both the oil and gas and offshore wind industries.

TO THE SHAREHOLDERS OF SUBSEA 7 S.A.

Subsea 7's results for 2020 reflect an exceptionally challenging backdrop for the industry, society in general, and the global economy brought on by the Covid-19 pandemic and the associated reduction in demand for oil and gas. Group revenue decreased 5% to \$3.5 billion mainly due to reduced activity in SURF and Conventional following the collapse of the price of oil in March. Renewables and Heavy Lifting revenue increased nearly threefold driven predominantly by work in Europe.

Group Adjusted EBITDA of \$337 million after restructuring charges of \$86 million and net Covid-19 costs of approximately \$70 million resulted in a margin of 10%. As with many companies in the sector, the Group's results were impacted by \$323 million in asset write-downs and \$605 million in goodwill impairment, which gave rise to a diluted loss per share of \$3.67.

Decisive action to address a rapid change in environment

The year began on an optimistic note with the prospect of an improvement in the activity levels and pricing dynamics of

certain key markets. However, the rapid spread of Covid-19 across the globe dramatically changed the outlook for global energy demand and the offshore oil and gas industry.

In response, management reacted quickly and decisively to address the deterioration in the operating environment through a cost reduction plan that will safeguard our oil and gas business, while enabling us to support growth in our Renewables business. These measures allow Subsea 7 to reduce capacity while retaining core expertise and competencies, giving us the flexibility to adapt as the oil and gas market begins to recover.

A clear strategy targeting optimised returns

During 2020, Subsea 7 continued to develop its strategy to be a partner of choice for clients in both the oil and gas and offshore wind industries.

In oil and gas, our vision is built upon the principle that through early engagement and partnership, and the use of innovative systems and products, we can deliver cost-effective offshore projects that meet the investment criteria and environmental goals of our clients.

Our engineering teams continue to deliver solutions that create value for our clients and we are engaging with these clients to find ways to reduce the carbon footprint of their hydrocarbon developments. Our fleet of vessels is one of the youngest in the oil and gas industry. With the delivery of *Seven Vega*, it is now optimised for installation of our full range of subsea solutions and we are entering an era of harvesting with greater free cash generation and higher returns.

Our strategy to address the offshore wind market also strives to balance the ability to capture growth opportunities with the goal to maximise returns. The five vessels in our own Renewables fleet are key to delivery of projects as well as to managing the risks and challenges of the installation market. They underpin our differentiated offering in integrated foundations and inner-array cable solutions and position us for the larger EPCI projects that leverage our engineering, project management, risk evaluation and supply chain expertise.

Sustainability reinforces our Values driven culture

Since their introduction in 2012, Subsea 7's Values have provided a foundation for what our clients, our people, our shareholders and society can expect from us. These have been as important as ever in navigating a challenging year with integrity, and in ensuring the safety of our workforce around the world while we continue to deliver projects for clients.

In 2019, we introduced Sustainability as an additional Value focused on our environmental and societal behaviours, and in 2020 we established a new Executive Sustainability Committee. We have increased our active participation

in ESG rankings, including CDP and the Dow Jones Sustainability Index. Our second Sustainability Report, published in conjunction with this Annual Report, improves the way we communicate the initiatives from across our Group. Our plans for the year ahead include further progress in the disclosure of our governance, strategy, and climate risk management as we increase our alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Financial strength and disciplined capital allocation

Despite the challenges of 2020, Subsea 7 created value for shareholders through a diversified approach to energy markets that enabled growth of our backlog, as well as through strong cash flow performance that further enhanced our balance sheet. This financial strength is essential to ensure that our oil and gas business remains competitive through the downturn, while also enabling us to capture growth opportunities that will help drive the success of the Group in the coming years.

Subsea 7's prudent approach to financial strength continues to be complemented by an ethos of strong capital stewardship. Our capital discipline is underscored by a commitment to shareholder returns that has seen nearly \$2 billion distributed in the past decade. In early 2020, the Group repurchased 1.6 million shares for \$10 million, but this share buyback programme was suspended in April 2020 when the macro-environment deteriorated.

Since then an improvement in commodity prices and greater visibility on the outlook for our businesses, combined with our strong balance sheet position, give the Board of Directors the confidence to recommend to shareholders that a special dividend be paid of NOK 2.00 per share, equivalent to approximately \$70 million, in respect of 2020.

The Board

The Board was deeply saddened to learn of the sudden passing of Allen Stevens, Senior Independent Director, in January 2021. Allen joined the Board of Subsea 7 S.A. in 2011 and made an invaluable contribution to the Group. He will be greatly missed and we send our deepest condolences to Allen's family.

My thanks

On behalf of the Board I would like to thank all our people for the exceptional efforts and resilience that provided the foundation for delivering a solid operational performance during this unusual year. The organisation was

tested during these difficult times and the response has been impressive.

I would also like to thank our alliance partners and clients for their continued collaboration as we work together to deliver projects despite the challenging operating environment.

Finally, I would like to thank our shareholders for their continued support and confidence as we look forward to a brighter future.

KRISTIAN SIEM
Chairman

OUR VALUES



Safety

Our goal is an incident-free workplace. We work every day, everywhere to make sure all our people are safe.



Performance

We are driven to achieve the outcomes our clients want. We are trusted to achieve superior performance from every project.



Integrity

We apply the highest ethical standards in everything we do. We treat clients, our people, partners and suppliers fairly and with respect.



Collaboration

We work closely and openly together with clients, partners and suppliers at a local and global level to deliver safer and stronger results for all.



Sustainability

We take a proactive approach towards our social responsibilities, mitigate the impact of our activities on our planet's environment and respond to the effects of climate change.



Innovation

We create smarter and simpler solutions to meet the industry's needs. We combine technology, expertise, assets and partnerships to deliver projects in new ways.